Optional Retirement Plan and Tax Deferred Annuity Plan Changes

Historical Background

2013 - The University of Houston System (UHS) embarked on a exercise to review the 403(b) plans that included review of our retirement vendors, employee fee analysis and investment lineups.

2014 - The creation of the UHS Retirement Plan Investment Oversight Committee was formed which consisted of faculty and staff from each campus.

2015 - UH System CHROs partnered with Multnomah Consulting to assist in the review process.

2016 - This led to the establishment of a consolidated four vendor platform with reduced employee fees and secured fiduciary best practices.

2017 - The UH System Retirement Plan Advisory Committee (RPAC) was formed.

Retirement Plan Action Committee (RPAC)

The RPAC meets on a quarterly basis and it’s membership consists of faculty and staff from each campus appointed by the CHROs. The role of the RPAC has been and continues to be fiduciary responsibility as well as policy review, fee benchmarking, fund lineup review, vendor performance and employee education and communication.

Current Challenges?

What are some challenges that employees have faced when selecting an ORP Vendor:

- Four Vendors-
  - What vendor is best?
  - What is the cost?
- The investment industry is already confusing for the average person.
- Too many fund options across all vendors (open to confusion)
- Understanding fees (all types)
- Employees in general
  - Difficulty to understand future value of money

Upcoming Improvements

- Standard fund menu regardless of vendor selection
- Simpler and diversified menu of options
- Easier to understand total fees regardless of vendor selection
- Changing vendors made easier

University of Houston System Investment Menu

Tier 1: Vanguard Institutional Target Retirement Series

Tier 2: Core Array

Stable Principal	Fixed Income	U.S. Equity	International Equity	Specialty
Vanguard Federal Money Market	Vanguard Total Bond Index I	Vanguard Institutional Index I Vanguard Extended Market Index Instl	Vanguard Total International Market Index Instl	

Tier 3: Extended Array

Stable Principal	Fixed Income	U.S. Equity	International Equity	Specialty
VALIC Fixed Interest Option New York Life Guaranteed Interest Account TIAA Traditional Voya Fixed Account III	Inflation Protected: Vanguard Inflation Protected Securities Adm Core Plus: PGIM Total Return Bond R6	Invesco Diversified Dividend R6 American Funds Washington Mutual R6 T. Rowe Price Blue Chip Growth I American Century Mid Cap Value R6 Carillon Eagle Mid Cap Growth R6 Hotchkiss & Wiley Small Cap Diversified Value I Conestoga Small Cap Instl	DFA Intl Core Equity I Cause-way Intl Value Instl American Funds Euro-Pacific Growth R6 DFA Intl Small Company I	Cohen & Steers Instl Realty Shares

Tier 4: Self Directed Brokerage (Fidelity and TIAA)

Best Practices and Upcoming Presentations

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- Explanation and presentation of new fund line up and fees to employees both, faculty and staff
- Offer presentations for all employees at all campuses

New Record Keeping Fee Structures Previously, these were not provided.

- Fidelity - $0 for balances under $5,000 and $150/year (37.50 quarterly) for balances over $5,000
- TIAA - $0 for balances under $5,000 and $150/year (37.50 quarterly) for balances over $ 5,000
- AIG - 23 basis points, 0.23 %
- Voya - 38 basis points, 0.38 %
- These fees are in addition to any fund fees and advisor fees.

Questions?

Thank you

University of Houston System

Retirement Plan Action Committee

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